



# Trade Unions Under Pressure: Analysing the Challenges Facing Trade Unions in India.

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## Abstract

Trade unions have historically performed a significant role in protecting and promoting labour rights and welfare. But unfortunately, with the emergence of globalisation, trade unions are in crisis. The majority of the unorganised labourers are beyond the influence of labour unions. Only employees of the formal sector are enjoying the support of unions in crucial situations. Indian trade unions are also facing certain challenges, including organisational issues of the trade unions themselves. In this situation, trade unions and their leaders should thoroughly study the basic issues of labour markets and policies of governments and employers and act as the true representatives of Indian labourers irrespective of sector.

**Key Words:** Trade Union, Globalisation, Unionisation, Multinational Corporations

*“Trade Union is a continuous association of wage earners for the purpose of maintaining or improving the condition of their employment”. Sidney Webb & Beatrice Webb.*

The organisation provides strength and increased bargaining capacity to labourers. In this context, the union of workers is essential for protecting the rights of the labourers and upholding certain socio-economic values in society. It is the responsibility of unions to protect both labourers in organised and unorganised sector from various forms of exploitation. At the same time, it has the responsibility to maintain a good industrial relation for the prosperity of the nation and humanity. In this light, trade unions hold the challenge to organise the unorganised majority, especially the poor women of the unorganised sector.

Recently trade unions have been subjected to many questions of existence and survival. Modern employments are more complicated and diversified. The emergence of Multinational Corporations and overseas industries brings complicated issues to labour organisations. Many of the newly emerged business firms are out of the traditional control of national governments. Along with the emergence of

new firms, various forms of employment, like working from home, outsourcing, part-time employment, etc got wide importance. Most of these types of employment are beyond the influence of labour union's coverage. Issues related with working time, work pressure, retrenchment, lack of decent working environment and so on are repeatedly reported from different parts of the world. India is not an exception in this case; in this context, the challenges in front of the trade unions are many.

### Challenges Faced by Trade Unions in India

The trade union movement in India had undergone severe crises and challenges from its birth onwards. Along with the national movement in India, trade unions got wide attention and support. At the same time, the industrial relations in India are not progressive. The emergence of globalisation and new economic policies put trade unions under pressure. Trade unions in India are very slow to act in adapting to the challenges arising out of the globalisation (Ahn 2007: 32)<sup>i</sup>. They are very slowly discharging demand-based services to their members in time. Strategies adopted by the employers for making flexibility of labour and globalisation on production process also raise challenges over trade unions (Sundar: 2007)<sup>ii</sup>.

Trade unions in India face multiple challenges internally and externally. The major problems of union activism in India are:

**Financial conditions of the unions:** - The financial bases of the unions are not better. It is not easy to manage the financial needs of the union. The major source of income is from collection of membership fees and contributions from different persons and corners. It is not easy to manage the union activities with this meagre income. Lack of adequate financial support which negatively affects the union activity.

**Existence of multiplicity of unions:** - India has a multi-party political system, it also reflects in the trade union movement. There are a large number of trade unions in India. All the major unions are linked with political parties. The existence of many unions in a firm negatively affects the bargaining capacity of the unions. The Trade Union Act of 1926 permitted the formation of a new trade union with the support of minimum seven members. It resulted in mushroom growth of unions.

**Inter-union rivalry:** - Existence of many unions in the same firm weaken the bargaining capacity of unions. It also causes inter-union rivalry among workers. Lack of unity among workers and trade unions cause negligence of the basic issues of workers in the firm. Unions and workers compete with each other for dominance (Jit:2016)<sup>iii</sup>.

**Outside leadership:** - Most of the trade union leaders in India are outsiders of the firm. They may be political leaders and committed to the policies put forwarded by the political parties. The outside leaders may have no first-hand knowledge of the actual problems of the workers. Sometimes, they are not accessible to the common workers. All these create tension in union relations.

Low union density, lack of human resources for effective management, political dependency, inefficient union management, lack of use of information technology etc., are the other internal factors which impose challenges to trade unions. The external challenges related to changing global markets along with supply chains and changes in employment relationships are increasing closure of the public sector, legal restrictions and continuous physical threats on union activities.

Trade unions have certain limitation which impose restriction on its smooth functioning as protector of labour rights of both the sectors. They are the following:

They perform political and economic functions. Due to their low influence over the decision-making process of the government, they could not exert effective power over the decisions which is favourable to the workers. The unionisation rate in south Asia including India is only 3 to 8 per cent of the total workers. It negatively affects the capacity of trade unions as the real representative of the workers.

The multiplicity of unions also causes deviation from the fundamental issues of the labourers. The collective bargaining power of the employees of unorganised sector is completely absent in crucial matters.

The hostile attitude of employers, especially private authorities to union activities is another threat against the natural course of the unionisation in India.

Though the unorganised sector consists of large number of workers, they are less unionised due to various reasons.

The major solutions to the problems faced by trade unions in India are many. Promotion of internal leadership of union can be helpful to make trade unions powerful and more active. It is the duty of present leaders and government to make conducive conditions to develop the leadership quality of workers. There must be enough training and leadership awareness programmes to bring such a kind of leadership among workers.

Workforce in India must be united for protecting and promoting their basic rights. Internal schism and rivalry among workers surely affect their progress. Earlier, labour force had the support of political system. At present, they have no such protections. It is the time when workers must unite for achieving the requirements which are essential for surviving in the labour market.

Proper financial support is essential for maintaining labour activities alive. Otherwise, trade union leaders and members cannot effectively perform their duties. Finding out new sources of income, other than membership fee, is very important. Without adequate income support the trade unions cannot function properly.

The outside leaders of trade union could not get enough time for concentrating in particular problems of industry and labour force. So full time leaders are essential for effective functioning of union activities and attain the confidence of workers. Full-time union leader can get more time and experience to involve effectively in union activities. It is also helpful to enhance the morale of the

employees to actively take part in labour union activities. Outside leaders are not able to understand the problems of workers in its fullest sense.

In India, the union activities are strong only in organised sectors. The large unorganised sectors are almost away from the coverage of trade union activities (Jit 2016)<sup>iv</sup>.

There are a large number of women workers, both in the organised and unorganised sectors. It is the responsibility of the trade unions to inculcate class consciousness among them and to evolve trade union movement as a women friendly platform.

### **External Challenges**

Trade unions must be addressed by the challenges within the system and at global level. Modern societies are inked with each other. Any repercussions outside the nation must have its own reflections within the political system. Changes in the international economic and political arena abroad are also reflected in the socio-political and economic conditions of the entire world. Labourers are not exception in this regard.

### **Economic Reforms initiated by Governments**

A large number of the economic reforms introduced by the governments is due to the pressure from capitalists, both inside and outside the nation. Adoption of liberal trade policies, abolition of unnecessary licensing system, large flow of foreign capital, reduction of public sector industries, and increased competition are the reflection of reforms introduced in India (Sundar2006).<sup>v</sup>

Capitalists adopts a number of managerial strategies to reduce labour cost, and employ flexible labour. Companies introduce new techniques to reduce the number of regular employees in core labour force. It results in the expansion of labour force in peripheral categories of work. Sub-contracting, prolonged lock outs, reduction in employment through voluntary or coercive methods etc., are more prevalent in employment sectors nowadays (Sundar: 2006)<sup>vi</sup>.

Creation of new employment opportunities is cut shortened by new economic conditions. Freezing of new recruitments, introduction of VRS Schemes and the like are quite often seen in the new economic scenario. The responsibility to create new employment opportunities are laid on the private capitalists, which was the responsibility of the government.

### **Labour Reforms**

Reforms are introduced in the labour sector which are most often against the interest of the trade unions. Workers strikes are now outlawed. Even judicial decisions are also against the will of the labour unions. Certain provisions which are favourable for bonus payment and other kinds of perks to labourers are repealed by modern reforms.

## Capital Friendly State

Modern states are branded as friendly towards capital. They pay very little attention to matters related to workers' welfare. Also, they adopt tough measures to deal with strikes by government employees.

Globalisation has caused massive workforce reduction worldwide. The policy of skill obsolescence in workers may impose loss of workers control over their jobs. The traditional job vacancies are replaced by more skill-oriented workers. Industries demand highly efficient employees with advanced skills and fit to adjust with changing working environment. The employees must be updated with their skills for their job security and always under pressure for their survival. New work environment requires lesser number of employees and more long working hours.

## Role of Judiciary

The judiciary also exhibit a character which is more lenient to the interest of the workers. The Supreme Court pronounced that the Government employees have no fundamental, legal moral or equitable right to go on strike.<sup>viii</sup> The judgement was based on the writ filed by Tamil Nadu Government in the year 2003.

## Unorganised Sector and Globalisation

Unorganised sector is bigger than organised sector in developing economy (Datt 2008: 48)<sup>viii</sup>. Along with the shrinking of organised sector worldwide, the unorganised sector got prominence with the emergence of globalisation. Unorganised sector is a part of the workforce which has not been able to organise in pursuit of a common objective because of constraints such as casual nature of employment, ignorance and illiteracy, small size of establishments with low nature of establishments superior strength of the employer etc. The presence of a large number of workers of this class make certain heavy impacts on both workers and the economy of the nation.

Those working in the informal economy face many challenges. They receive very little income, poor working conditions, lack of legal protection, many legal and physical risks and very low social status. Workers in the unorganised sector is not adequately covered by legal and social protections. Most informal workers face an unfavourable environment (Chen and Carre 2015)<sup>ix</sup>. Under globalisation, the income gap between the skilled workers and unskilled workers get widened in extreme level (Hee Han and Narjoko 2013: 3)<sup>x</sup> and with the technological upgradation only the need of skilled workers is increased and the unskilled workers struggle to meet their both ends. The rapid spread of electronic devices and machines and other information and communication technologies which brings extreme demands to the highly skilled and trained personnel and this pushes back the demand of the poor semi-skilled or unskilled labourers (Hee Han and Narjoko 2013)<sup>xi</sup>. It also resulted in creating extreme wage gap between the two classes of workers.

The working poor women in the unorganised sector need to organise to overcome their structural problems. Women workers are concentrated in the more disadvantaged areas of informal employment and place of work (Hee Han and Narjoko 2013).<sup>xii</sup>

The trade unions and labourers are in the midst of multiple challenges. Trade unions should address all the issues that affect labourers especially the problems of female workers and workers of the informal sector. It should act as the mediator of employees before the government and the employers. Otherwise, the unions may gradually lose their relevance. The unions should identify new strategies to attract employees and utilise modern communication and technological developments for protecting and promoting labour rights.

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<sup>ii</sup> Sundar, K R Shyam 2006 *Trade Unions and the New Challenges: One Step Forward and Two Steps Backward*, The Indian Journal Of Labour Economics, Vol.49, No.4.

<sup>iii</sup> Jit, Ravinder.(2016): “*Challenges of Trade Union Movement in India*”, Global Journal of Employment Information System, Delhi, Vol.8, issue-2.

<sup>iv</sup> Ibid.

<sup>v</sup> Ibid.

<sup>vi</sup> Ibid.

<sup>vii</sup> T. K Rangarajan V. Govt.of Tamil Nadu & Others, 6<sup>th</sup> Aug 2003.

<sup>viii</sup> Ruddar Datt, 2008, “*Emerging Trends in Trade Union Movement*”, Mainstream Weekly, Vol:XLVI No.20

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<sup>x</sup> Heehan, Chin.& Narjoko, Dionisius.Eds (2013): Globalization and Performance of Small and Large Firms, ERIA Research Project Report 2013.No.3

<sup>xi</sup> Ibid.

<sup>xii</sup> Ibid.